



## Senate

General Assembly

**File No. 288**

January Session, 2009

Substitute Senate Bill No. 960

*Senate, March 30, 2009*

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING THE LEGISLATIVE COMMISSIONERS' RECOMMENDATIONS FOR TECHNICAL REVISIONS TO THE INSURANCE STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 38a-9 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage*):

4 (a) Notwithstanding the provisions of section 4-8, there shall be a  
5 Division of Consumer Affairs within the Insurance Department, which  
6 division shall act on the Insurance Commissioner's behalf and at his  
7 direction in order to carry out his responsibilities under this title with  
8 respect to such matters. The division shall receive and review  
9 complaints from residents of this state concerning their insurance  
10 problems, including claims disputes, and serve as a mediator in such  
11 disputes in order to assist the commissioner in determining whether  
12 statutory requirements and contractual obligations within the  
13 commissioner's jurisdiction have been fulfilled. There shall be a

14 director of said division, who shall be provided with sufficient staff.  
15 The division shall serve to coordinate all appropriate facilities in the  
16 department in addressing such complaints, and conduct any outreach  
17 programs deemed necessary to properly inform and educate the public  
18 on insurance matters. The director shall submit quarterly reports to the  
19 commissioner, which shall state the number of complaints received by  
20 the division in such calendar quarter, the Connecticut premium  
21 volume of the appropriate line of each insurance company against  
22 which a complaint has been filed, the types of complaints received,  
23 and the number of such complaints which have been resolved. Such  
24 reports shall be published every six months and copies shall be made  
25 available to any interested resident of this state upon request. The  
26 commissioner shall report, in accordance with section 11-4a, to the  
27 joint standing committee of the General Assembly having cognizance  
28 of matters relating to insurance on or before January [15, 1988, and]  
29 fifteenth annually, [thereafter,] concerning the findings of such reports  
30 and suggestions for legislative initiatives to address recurring  
31 problems.

32 Sec. 2. Subsection (c) of section 38a-9 of the general statutes is  
33 repealed and the following is substituted in lieu thereof (*Effective from*  
34 *passage*):

35 (c) Notwithstanding the provisions of section 4-8, there shall be a  
36 Division of Rate Review within the Insurance Department, which  
37 division shall act on the commissioner's behalf and at the  
38 commissioner's direction in order to carry out the commissioner's  
39 responsibilities under this title with respect to such matters. Subject to  
40 the provisions of sections 38a-663 to 38a-696, inclusive, as amended by  
41 this act, the division shall assist the commissioner in reviewing rates  
42 and supplementary rate information filed with the department for  
43 compliance with statutory requirements and standards. The division's  
44 staff shall include rating examiners with sufficient actuarial expertise.  
45 Upon the request of the commissioner, the division shall review rates  
46 and supplementary rate information, and any suspected violation of  
47 the statutory requirements and standards of sections 38a-663 to 38a-

48 696, inclusive, as amended by this act, found pursuant to such review  
49 shall be referred to the commissioner for appropriate action. The  
50 division may assist the commissioner in formalizing the  
51 commissioner's findings regarding such actions. The commissioner  
52 shall report, in accordance with section 11-4a, to the joint standing  
53 committee of the General Assembly having cognizance of matters  
54 relating to insurance on or before January [15, 1988, and] fifteenth  
55 annually, [thereafter,] concerning (1) the number and type of reviews  
56 conducted by the division in the prior calendar year, and (2) the  
57 percentage of increase or decrease in rates reviewed by the division  
58 during the preceding calendar year, by line and subline of insurance.

59 Sec. 3. Subsection (b) of section 38a-12 of the general statutes is  
60 repealed and the following is substituted in lieu thereof (*Effective from*  
61 *passage*):

62 (b) On or before January 15, 2001, and annually thereafter, the  
63 commissioner shall submit to the joint standing committee of the  
64 General Assembly having cognizance of matters relating to insurance a  
65 report, in accordance with the provisions of section 11-4a, detailing all  
66 the information the commissioner received during the past year  
67 pursuant to sections 29-311, 31-290d, 38a-356 and 53-445.

68 Sec. 4. Subdivision (3) of subsection (e) of section 38a-14 of the  
69 general statutes is repealed and the following is substituted in lieu  
70 thereof (*Effective from passage*):

71 (3) [No] Not later than sixty days following completion of the  
72 examination, the examiner in charge shall file, under oath, with the  
73 Insurance Department a verified written report of examination. Upon  
74 receipt of the verified report, the Insurance Department shall transmit  
75 the report to the company examined, together with a notice which  
76 shall afford the company examined a reasonable opportunity, not to  
77 exceed thirty days, to make a written submission or rebuttal with  
78 respect to any matters contained in the examination report. [Within]  
79 Not later than thirty days [of the end of] after the period allowed for  
80 the receipt of written submissions or rebuttals, the commissioner shall

81 fully consider and review the report, together with any written  
82 submissions or rebuttals and any relevant portions of the examiner's  
83 workpapers and enter an order: (A) Adopting the examination report  
84 as filed or with modification or corrections. If the examination report  
85 reveals that the company is operating in violation of any law,  
86 regulation or prior order of the commissioner, the commissioner may  
87 order the company to take any action the commissioner considers  
88 necessary and appropriate to cure such violation; [or] (B) rejecting the  
89 examination report with directions to the examiners to reopen the  
90 examination for purposes of obtaining additional data, documentation  
91 or information, and refiling pursuant to subparagraph (A) of this  
92 subdivision; or (C) calling for an investigatory hearing with [no] not  
93 less than twenty days' notice to the company for purposes of obtaining  
94 additional documentation, data, information and testimony.

95 Sec. 5. Subdivision (2) of subsection (f) of section 38a-14 of the  
96 general statutes is repealed and the following is substituted in lieu  
97 thereof (*Effective from passage*):

98 (2) Any investigatory hearing conducted under subparagraph (C) of  
99 subdivision (3) of subsection (e) of this section by the commissioner or  
100 authorized representative, shall be conducted as a nonadversarial  
101 confidential investigatory proceeding as necessary for the resolution of  
102 any inconsistencies, discrepancies or disputed issues apparent (A)  
103 upon the filed examination report, (B) raised by or as a result of the  
104 commissioner's review of relevant workpapers, or (C) by the written  
105 submission or rebuttal of the company. [Within] Not later than twenty  
106 days [of] after the conclusions of any such hearing, the commissioner  
107 shall enter an order pursuant to subparagraph (A) of subdivision (3) of  
108 subsection (e) of this section. The commissioner shall not appoint an  
109 examiner as an authorized representative to conduct the hearing. The  
110 hearing shall proceed expeditiously with discovery by the company  
111 limited to the examiner's workpapers [which] that tend to substantiate  
112 any assertions set forth in any written submission or rebuttal. The  
113 commissioner or his authorized representative may issue subpoenas  
114 for the attendance of any witnesses or the production of any

115 documents deemed relevant to the investigation, whether under the  
116 control of the department, the company or other persons. The  
117 documents produced shall be included in the record and testimony  
118 taken by the commissioner or his authorized representative shall be  
119 under oath and preserved for the record. Nothing contained in this  
120 section shall require the department to disclose any information or  
121 records [which] that would indicate or show the existence or content of  
122 any investigation or activity of a criminal justice agency. The hearing  
123 shall proceed with the commissioner or his authorized representative  
124 posing questions to the persons subpoenaed. Thereafter the company  
125 and the Insurance Department may present testimony relevant to the  
126 investigation. Cross-examination shall be conducted only by the  
127 commissioner or his authorized representative. The company and the  
128 Insurance Department shall be permitted to make closing statements  
129 and may be represented by counsel of their choice.

130 Sec. 6. Subdivision (5) of subsection (k) of section 38a-14 of the  
131 general statutes is repealed and the following is substituted in lieu  
132 thereof (*Effective from passage*):

133 (5) A person identified in subdivision (2) of this subsection shall be  
134 entitled to an award of attorney's fees and costs if [he] such person is  
135 the prevailing party in a civil cause of action for libel, slander or any  
136 other relevant tort arising out of activities in carrying out the  
137 provisions of this section and the party bringing the action was not  
138 substantially justified in doing so. For purposes of this section, a  
139 proceeding is "substantially justified" if it had a reasonable basis in law  
140 or fact at the time that it was initiated.

141 Sec. 7. Subsection (a) of section 38a-16 of the general statutes is  
142 repealed and the following is substituted in lieu thereof (*Effective from*  
143 *passage*):

144 (a) The Insurance Commissioner or [his] the commissioner's  
145 authorized representative may, as often as [he] the commissioner  
146 deems necessary, conduct investigations and hearings in aid of any  
147 investigation on any matter under the provisions of this title. Pursuant

148 to any such investigation or hearing, the commissioner or [his] the  
149 commissioner's authorized representative may issue subpoenas,  
150 administer oaths, compel testimony, order the production of books,  
151 records, papers and documents, and examine books and records. If any  
152 person refuses to allow the examination of books and records, to  
153 appear, to testify or to produce any book, record, paper or document  
154 when so ordered, a judge of the Superior Court, upon application of  
155 the commissioner or [his] the commissioner's authorized  
156 representative, may make such order as may be appropriate to aid in  
157 the enforcement of this section.

158 Sec. 8. Section 38a-17 of the general statutes is repealed and the  
159 following is substituted in lieu thereof (*Effective from passage*):

160 If, in the opinion of the commissioner, any insurance company,  
161 fraternal benefit society, health care center or residual market  
162 mechanism is doing business in an illegal or improper manner or is  
163 failing to adjust and pay losses and obligations when they become due,  
164 except claims to which, in the judgment of the commissioner there is a  
165 substantial defense, [he] the commissioner may order it to discontinue  
166 such illegal or improper method of doing business and may order it to  
167 adjust and pay its losses and obligations as they become due.

168 Sec. 9. Subsection (a) of section 38a-18 of the general statutes is  
169 repealed and the following is substituted in lieu thereof (*Effective from*  
170 *passage*):

171 (a) Whenever any domestic insurance company or corporation  
172 [which is] under the supervision of the commissioner; (1) [is] Is  
173 insolvent; [or] (2) has refused to submit its books, papers, accounts or  
174 affairs to the reasonable inspection of the commissioner, his actuary or  
175 examiner; [or] (3) has permitted its capital to fall below the limits  
176 specified in either section 38a-72 or its charter, [or] has failed to restore  
177 any deficiency within the time prescribed by subsection (d) of section  
178 38a-71, or has failed to observe any other order of the commissioner  
179 authorized by statute; [or] (4) has, by contract of reinsurance or  
180 otherwise, transferred or attempted to transfer substantially its entire

181 property or business, or entered into any transaction the effect of  
182 which is to merge substantially its entire property or business in the  
183 property or business of any other company, corporation or association,  
184 without having first obtained the written approval of the  
185 commissioner; [or] (5) is found, after an examination, to be in such  
186 condition that its further transaction of business will be hazardous to  
187 its policyholders or to its creditors or to the public; [or] (6) has wilfully  
188 violated its charter or any law of the state; [or] (7) whenever any officer  
189 or director of such company has refused to be examined under oath  
190 concerning its affairs; or (8) if such company is organized under the  
191 laws relating to assessment companies, its condition is found, after  
192 examination, to be such that it could not meet the lawful requirements  
193 for incorporation and authorization, [then and in any such case] the  
194 commissioner may, the Attorney General representing him, apply to  
195 the superior court or any judge thereof for the judicial district in which  
196 the principal office of such company is located, for an order directing  
197 such company to show cause why the commissioner should not take  
198 possession of its property and conduct its business, and for such other  
199 relief as the nature of the case and the interests of its policyholders,  
200 creditors and stockholders or the public may require.

201 Sec. 10. Subdivision (2) of subsection (a) of section 38a-53 of the  
202 general statutes is repealed and the following is substituted in lieu  
203 thereof (*Effective from passage*):

204 (2) Each accredited reinsurer, as defined in subdivision (1) of  
205 subsection (c) of section 38a-85, and assuming insurance company, as  
206 provided in section 38a-85, shall file an annual report in accordance  
207 with the provisions of section 38a-85.

208 Sec. 11. Subdivision (2) of subsection (c) of section 38a-91hh of the  
209 general statutes is repealed and the following is substituted in lieu  
210 thereof (*Effective from passage*):

211 (2) In conducting the examination, the commissioner, the  
212 commissioner's actuary or any examiner authorized by the  
213 commissioner may examine, under oath, the officers and agents of

214 such a company and all persons deemed to have material information  
215 regarding the company's property or business. Each such company, its  
216 officers and agents shall produce the books and papers, in its or their  
217 possession, relating to its business or affairs, and any other person may  
218 be required to produce any book or paper, in his custody, deemed to  
219 be relevant to such examination for the inspection of the  
220 commissioner, the commissioner's actuary or examiners, when  
221 required. The officers and agents of the company shall facilitate the  
222 examination and aid the examiners in making the same so far as it is in  
223 their power to do so. The refusal of any company by its officers,  
224 directors, employees or agents to submit to examination or to comply  
225 with any reasonable written request of the examiners shall be grounds  
226 for suspension of, or [refusal] revocation of or nonrenewal of any  
227 license or authority held by the company to engage in an insurance or  
228 other business subject to the commissioner's jurisdiction. Any such  
229 proceedings for suspension, revocation or [refusal] nonrenewal of any  
230 license or authority shall be conducted pursuant to section 38a-91ii.

231 Sec. 12. Subsections (g) to (i), inclusive, of section 38a-91hh of the  
232 general statutes are repealed and the following is substituted in lieu  
233 thereof (*Effective from passage*):

234 (g) Nothing contained in this section shall prevent or be construed  
235 as prohibiting the commissioner from disclosing the content of an  
236 examination report, preliminary examination report or results, or any  
237 matter relating to such report to (1) the Insurance Department of this  
238 or any other state or country, (2) law enforcement officials of this or  
239 any other state, or (3) any agency of the federal government at any  
240 time, [unless] so long as such agency or office receiving the report or  
241 matters relating to such report agrees, in writing, that such documents  
242 shall be confidential.

243 (h) All working papers, recorded information, documents and  
244 copies thereof produced by, obtained by or disclosed to the  
245 commissioner or any other person in the course of an examination  
246 made under this section shall (1) be confidential, (2) not be subject to



247 subpoena, and (3) not be made public by the commissioner or any  
248 other person, except to the extent provided in subsection (g) of this  
249 section. Access to such information may be granted by the  
250 commissioner to the National Association of Insurance  
251 Commissioners, [unless] so long as it agrees, in writing, that such  
252 information shall be confidential.

253 (i) (1) The commissioner may engage the services of, from time to  
254 time, on an individual basis, qualified actuaries, certified public  
255 accountants or other similar individuals who are independently  
256 practicing their professions, even though [said] such persons may,  
257 from time to time, be similarly employed or retained by persons  
258 subject to examination under this section.

259 (2) No cause of action shall arise nor shall any liability be imposed  
260 against the commissioner, the commissioner's authorized  
261 representatives or any examiner appointed by the commissioner for  
262 any statements made or conduct performed in good faith while  
263 carrying out the provisions of this section.

264 (3) No cause of action shall arise, nor shall any liability be imposed,  
265 against any person for the act of communicating or delivering  
266 information or data to the commissioner or the commissioner's  
267 authorized representative examiner pursuant to an examination made  
268 under this section, if such act of communication or delivery was  
269 performed in good faith and without fraudulent intent or the intent to  
270 deceive.

271 (4) This section does not abrogate or modify in any way any  
272 common law or statutory privilege or immunity heretofore enjoyed by  
273 any person identified in subdivision (2) of this subsection.

274 (5) A person identified in subdivision (2) of this subsection shall be  
275 entitled to an award of attorney's fees and costs if he is the prevailing  
276 party in a civil cause of action for libel, slander or any other relevant  
277 tort arising out of activities in carrying out the provisions of this  
278 section and the party bringing the action was not substantially justified

279 in doing so. For purposes of this section, a proceeding is "substantially  
280 justified" if it had a reasonable basis in law or fact at the time that it  
281 was initiated.

282 Sec. 13. Subsections (a) and (b) of section 38a-91nn of the general  
283 statutes are repealed and the following is substituted in lieu thereof  
284 (*Effective from passage*):

285 (a) Each captive insurance company shall pay to the Commissioner  
286 of Revenue Services, in the month of February of each year, a tax at the  
287 rate of thirty-eight hundredths of one per cent on the first twenty  
288 million dollars and two hundred eighty-five thousandths of one per  
289 cent on the next twenty million dollars and nineteen hundredths of  
290 one per cent on the next twenty million dollars and seventy-two  
291 thousandths of one per cent on each dollar thereafter, on the direct  
292 premiums collected or contracted for on policies or contracts of  
293 insurance written by the captive insurance company during the year  
294 ending December thirty-first next preceding, after deducting from the  
295 direct premiums subject to the tax the amounts paid to policyholders  
296 as return premiums which shall include dividends on unabsorbed  
297 premiums or premium deposits returned or credited to policyholders,  
298 except that no tax shall be due or payable as to considerations received  
299 for annuity contracts.

300 (b) The annual minimum aggregate tax to be paid by a captive  
301 insurance company calculated under [subsections] subsection (a) [and  
302 (b)] of this section shall be seven thousand five hundred dollars, and  
303 the annual maximum aggregate tax shall be two hundred thousand  
304 dollars.

305 Sec. 14. Subsection (f) of section 38a-226a of the general statutes is  
306 repealed and the following is substituted in lieu thereof (*Effective from*  
307 *passage*):

308 (f) If the commissioner determines that additional data from a  
309 utilization review company [is] are necessary to determine compliance  
310 with the provisions of sections 38a-226 to 38a-226d, inclusive, he may

311 require the utilization review company to provide data relating to  
312 reviews, appeals and denials.

313 Sec. 15. Section 38a-260 of the general statutes is repealed and the  
314 following is substituted in lieu thereof (*Effective from passage*):

315 [Any] Each purchasing group meeting the criteria established under  
316 the provisions of the Liability Risk Retention Act of 1986 shall be  
317 exempt from any law of this state relating to the creation of groups for  
318 the purchase of insurance, prohibition of group purchasing or any law  
319 that would discriminate against a purchasing group or its members.  
320 [Any] Each insurer shall be exempt from any law of this state [which]  
321 that prohibits providing, or offering to provide, to a purchasing group  
322 or its members advantages based on their loss and expense experience  
323 not afforded to other persons with respect to rates, policy forms,  
324 coverage or other matters. [Any] Each purchasing group shall be  
325 subject to all other applicable laws of this state. [Any] No purchasing  
326 group [may not] shall purchase insurance from a risk retention group  
327 that is not chartered in a state or from an insurer not admitted in this  
328 state, unless the purchase is effected through a licensed producer  
329 acting pursuant to the surplus lines, laws and regulations of this state.  
330 A purchasing group [which] that obtains liability insurance from a risk  
331 retention group or an insurer not admitted in this state shall inform  
332 each of the members of the group [which] that have a risk resident or  
333 located in this state that the risk is not protected by the Connecticut  
334 Insurance Guaranty Association, and that the risk retention group or  
335 insurer may not be subject to all insurance laws and regulations of this  
336 state. No purchasing group [may] shall purchase insurance providing  
337 for a deductible or self-insured retention applicable to the group as a  
338 whole, [; however,] except that such coverage may provide for a  
339 deductible or self-insured retention applicable to individual members.

340 Sec. 16. Subsection (b) of section 38a-364 of the general statutes is  
341 repealed and the following is substituted in lieu thereof (*Effective from*  
342 *passage*):

343 (b) Each insurance company that issues private passenger motor

344 vehicle liability insurance providing the security required by sections  
345 38a-19 and 38a-363 to 38a-388, inclusive, shall issue annually to each  
346 such insured an automobile insurance identification card, in duplicate,  
347 for each insured vehicle, one of which shall be presented to the  
348 commissioner as provided in section 14-12b and the other carried in  
349 the vehicle as provided in section 14-12f. Except as provided in  
350 subsection (c) of this section, such card shall be effective for a period of  
351 one year and shall include the name of the insured and insurer, the  
352 policy number, the effective date of coverage, the year, make or model  
353 and vehicle identification number of the insured vehicle and an  
354 appropriate space wherein the insured may set forth the year, make or  
355 model and vehicle identification number of any private passenger  
356 motor vehicle that becomes covered as a result of a change in the  
357 covered vehicle during the effective period of the identification card.  
358 When an insured has five or more private passenger motor vehicles  
359 registered in this state, the insurer may use the designation "all owned  
360 vehicles" on each card in lieu of a specific vehicle description. Each  
361 insurance company that delivers, issues for delivery or renews such  
362 private passenger motor vehicle liability insurance in this state on or  
363 after January 1, 2009, shall include on such card, the following notice,  
364 printed in capital letters and boldface type:

365 NOTICE:

366 YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR  
367 SHOP WHERE THE DAMAGE TO YOUR MOTOR VEHICLE WILL  
368 BE REPAIRED.

369 Sec. 17. Subsections (c) and (d) of section 38a-465a of the general  
370 statutes are repealed and the following is substituted in lieu thereof  
371 (*Effective from passage*):

372 (c) A life insurance producer, who has been duly licensed as a  
373 resident insurance producer with a life line of authority in this state or  
374 in [said] such producer's home state for not less than one year and is  
375 licensed as a nonresident producer pursuant to section 38a-702g, shall  
376 be deemed to meet the licensing requirements of this section and shall

377 be permitted to operate as a broker.

378 (d) Not later than thirty days [from] after the first day of operating  
379 as a broker, a life insurance producer shall notify the commissioner  
380 that [said] such producer is acting as a broker on a form prescribed by  
381 the commissioner, and shall pay a filing fee as specified in section 38a-  
382 11. Such notification shall include an acknowledgement by the life  
383 insurance producer that [said] such producer shall operate as a broker  
384 in accordance with this part.

385 Sec. 18. Subsection (a) of section 38a-465c of the general statutes is  
386 repealed and the following is substituted in lieu thereof (*Effective from*  
387 *passage*):

388 (a) No person shall use any form of life settlement contract or  
389 disclosure statement in this state unless such form has been filed with  
390 and approved by the commissioner. The commissioner shall  
391 disapprove a life settlement contract form or disclosure statement form  
392 if the commissioner finds any provision in said form is unreasonable,  
393 contrary to the interests of the public, fails to comply with the  
394 provisions of sections 38a-465f, 38a-465g [,] and 38a-465n and  
395 subsection (b) of section 38a-465k, or is otherwise misleading or unfair  
396 to the owner. The commissioner may require the submission of  
397 advertising materials.

398 Sec. 19. Subsection (a) of section 38a-465e of the general statutes is  
399 repealed and the following is substituted in lieu thereof (*Effective from*  
400 *passage*):

401 (a) When the commissioner deems it reasonably necessary to protect  
402 the interests of the public, the commissioner may examine the business  
403 and affairs of any licensee or applicant for a license. The commissioner  
404 may order any licensee or applicant to produce any records, books,  
405 files or other information reasonably necessary to ascertain whether  
406 such [license] licensee or applicant is acting or acted in violation of the  
407 law or is otherwise contrary to the interests of the public. The licensee  
408 or applicant shall pay all expenses incurred by the commissioner in

409 conducting any examination.

410 Sec. 20. Subdivision (1) of subsection (e) of section 38a-465e of the  
411 general statutes is repealed and the following is substituted in lieu  
412 thereof (*Effective from passage*):

413 (e) (1) Upon determining that an examination should be conducted,  
414 the commissioner shall issue an examination warrant appointing one  
415 or more examiners to perform [said] such examination and instructing  
416 them as to its scope. In conducting the examination, the examiner shall  
417 use methods common to the examination of any life settlement licensee  
418 and shall use guidelines and procedures set forth in an examiners'  
419 handbook adopted by a national organization.

420 Sec. 21. Subparagraph (B) of subdivision (2) of subsection (c) of  
421 section 38a-465h of the general statutes is repealed and the following is  
422 substituted in lieu thereof (*Effective from passage*):

423 (B) The loan arrangement for this policy provides funds sufficient to  
424 pay for partial or full payment of the premiums, costs and expenses  
425 associated with obtaining and maintaining such life insurance policy,  
426 and that such applicant or insured has not entered into any agreement  
427 by which such applicant or insured will receive consideration in  
428 exchange for procuring such policy.

429 Sec. 22. Subdivision (5) of subsection (a) of section 38a-465i of the  
430 general statutes is repealed and the following is substituted in lieu  
431 thereof (*Effective from passage*):

432 (5) Receive, if providing premium financing, any proceeds, fees or  
433 other consideration from the policy or policy owner that are in  
434 addition to the amounts required to pay principal, interest or any costs  
435 or expenses, which are reasonable in type and amount, incurred by the  
436 lender or borrower in connection with such premium finance  
437 agreement, except in the event of a default, provided neither default on  
438 such loan [or] nor the transfer of the policy, in connection with such  
439 default, is pursuant to an agreement or understanding with any other

440 person for the purpose of evading regulation under this part. Any  
441 payments, charges, fees or other amounts received by a person or  
442 entity providing premium financing in violation of this subdivision  
443 shall be remitted to the original owner of the policy or to such owner's  
444 estate if said original owner is not living at the time of the  
445 determination of the overpayment.

446 Sec. 23. Subparagraph (A)(i) of subdivision (2) of subsection (a) of  
447 section 38a-465j of the general statutes is repealed and the following is  
448 substituted in lieu thereof (*Effective from passage*):

449 (i) Presenting, causing to be presented or preparing with knowledge  
450 and belief that it will be presented to or by a provider, premium  
451 finance lender, broker, insurer, insurance producer or any other  
452 person, false material information, or concealing material information,  
453 as part of, in support of, or concerning a fact material to one or more of  
454 the following: (I) An application for the issuance of a life settlement  
455 contract or insurance policy; (II) the underwriting of a life settlement  
456 contract or insurance policy; (III) a claim for payment or benefit  
457 pursuant to a life settlement contract or insurance policy; (IV)  
458 premiums paid on an insurance policy; (V) payments and changes in  
459 ownership or beneficiary made in accordance with the terms of a life  
460 settlement contract or insurance policy; (VI) the reinstatement or  
461 conversion of an insurance policy; (VII) [in] the solicitation, offer to  
462 enter into, or effectuation of a life settlement contract or insurance  
463 policy; (VIII) the issuance of written evidence of a life settlement  
464 contract or insurance policy; (IX) any application for or the existence of  
465 or any payments related to a loan secured directly or indirectly by any  
466 interest in a life insurance policy; or (X) [enter] the entry into any  
467 practice or plan that involves stranger-originated life insurance.

468 Sec. 24. Subsection (a) of section 38a-465p of the general statutes is  
469 repealed and the following is substituted in lieu thereof (*Effective from*  
470 *passage*):

471 (a) Any provider or broker lawfully transacting business in this state  
472 prior to October 1, 2008, may continue to do so pending approval or

473 disapproval of such [provider] provider's or broker's application for a  
474 license, provided such application is filed with the commissioner not  
475 later than thirty days after October 1, 2008. During the time that such  
476 application is pending with the commissioner, the applicant may use  
477 any form of life settlement contract that has been filed with the  
478 commissioner pending approval thereof, provided that such form is  
479 otherwise in compliance with the provisions of this part. Any person  
480 transacting business in this state under this provision shall be  
481 obligated to comply with all other requirements of this part.

482 Sec. 25. Subsection (c) of section 38a-470 of the general statutes is  
483 repealed and the following is substituted in lieu thereof (*Effective from*  
484 *passage*):

485 (c) The lien shall arise at the time such benefits are paid or such  
486 services are rendered. The person or entity furnishing such benefits or  
487 services shall serve written notice upon the employee, the insurance  
488 company providing workers' compensation benefits or the employer, if  
489 self-insured, and the workers' compensation commissioner for the  
490 district in which the claim for workers' compensation has been filed,  
491 setting forth the nature and extent of the lien allowable under  
492 subsection (b) of this section. The lien shall be effective against any  
493 workers' compensation award made after the notice is received.

494 Sec. 26. Subsection (c) of section 38a-696 of the general statutes is  
495 repealed and the following is substituted in lieu thereof (*Effective from*  
496 *passage*):

497 (c) Reports filed pursuant to subsection (b) of this section shall  
498 include the following data, both specific to the state and country-wide,  
499 on a calendar year basis by the type of insurance for the previous  
500 calendar year ending on the thirty-first day of December next  
501 preceding. Such data [includes] include: (1) Direct premiums written;  
502 (2) direct premiums earned; (3) incurred loss and loss adjustment  
503 expense; (4) incurred expenses; and (5) policyholder dividends. For  
504 purposes of this subsection, estimates may be used where credible data  
505 are unavailable.



506 Sec. 27. Subsection (f) of section 38a-860 of the general statutes is  
507 repealed and the following is substituted in lieu thereof (*Effective from*  
508 *passage*):

509 (f) (1) Sections 38a-858 to 38a-875, inclusive, shall provide coverage  
510 to the persons specified in subsections (a) to (d), inclusive, of this  
511 section for direct, nongroup life, health or annuity policies or contracts  
512 and supplemental contracts to such policies or contracts, for certificates  
513 under direct group policies and contracts, and for unallocated annuity  
514 contracts issued by member insurers, except as limited by said  
515 sections. Annuity contracts and certificates under group annuity  
516 contracts include, but are not limited to, guaranteed investment  
517 contracts, deposit administration contracts, unallocated funding  
518 agreements, allocated funding agreements, structured settlement  
519 annuities, annuities issued to or in connection with government  
520 lotteries and any immediate or deferred annuity contracts. (2) Said  
521 sections 38a-858 to 38a-875, inclusive, shall not provide coverage for:  
522 (A) Any portion of a policy or contract not guaranteed by the insurer,  
523 or under which the risk is borne by the policy or contract holder; (B)  
524 any policy or contract of reinsurance, unless assumption certificates  
525 have been issued; (C) any portion of a policy or contract to the extent  
526 that the rate of interest on which it is based or the interest rate,  
527 crediting rate or similar factor determined by use of an index or other  
528 external reference stated in the policy or contract employed in  
529 calculating returns or changes in value (i) averaged over the period of  
530 four years prior to the date on which the member insurer becomes an  
531 impaired or insolvent insurer under sections 38a-858 to 38a-875,  
532 inclusive, exceeds the rate of interest determined by subtracting two  
533 percentage points from Moody's corporate bond yield average  
534 averaged for that same four-year period or for such lesser period if the  
535 policy or contract was issued less than four years before the member  
536 insurer becomes an impaired or insolvent insurer under sections 38a-  
537 858 to 38a-875, inclusive, whichever is earlier; and (ii) on and after the  
538 date on which the member insurer becomes an impaired or insolvent  
539 insurer under sections 38a-858 to 38a-875, inclusive, whichever is  
540 earlier, exceeds the rate of interest determined by subtracting three

541 percentage points from Moody's corporate bond yield average as most  
542 recently available; (D) any plan or program of an employer, association  
543 or similar entity to provide life, health or annuity benefits to its  
544 employees or members to the extent that such plan or program is self-  
545 funded or uninsured, including, but not limited to, benefits payable by  
546 an employer, association or similar entity under (i) a multiple  
547 employer welfare arrangement as defined in Section 514 of the federal  
548 Employee Retirement Income Security Act of 1974, as amended from  
549 time to time; (ii) a minimum premium group insurance plan; or (iii) an  
550 administrative services only contract; (E) any stop-loss or excess loss  
551 insurance policy or contract providing for the indemnification of or  
552 payment to a policy owner, a contract owner, a plan or another person  
553 obligated to pay life, health or annuity benefits; (F) any portion of a  
554 policy or contract to the extent that it provides dividends, experience  
555 rating credits, voting rights or provides that any fees or allowances be  
556 paid to any person, including, but not limited to, the policy or contract  
557 holder, in connection with the service to or administration of such  
558 policy or contract; (G) any policy or contract issued in this state by a  
559 member insurer at a time when it was not licensed or did not have a  
560 certificate of authority to issue such policy or contract in this state; (H)  
561 any unallocated annuity contract issued to an employee benefit plan  
562 protected under the federal Pension Benefit Guaranty Corporation,  
563 regardless of whether the federal Pension Benefit Guaranty  
564 Corporation has yet become liable to make any payments with respect  
565 to the benefit plan; (I) any portion of an unallocated annuity contract  
566 that is not issued to, or in connection with a specific employee, union  
567 or association of natural persons benefit plan or a government lottery;  
568 (J) any subscriber contract issued by a health care center; (K) a  
569 contractual agreement that establishes the insurer's obligation by  
570 reference to a portfolio of assets that is not owned or possessed by the  
571 insurance company; (L) an obligation that does not arise under the  
572 express written terms of the policy or contract issued by the insurer to  
573 the contract owner or policy owner, including, but not limited to: (i) A  
574 claim based on marketing materials; (ii) a claim based on side letters,  
575 riders or other documents that were issued by the insurer without

576 meeting applicable policy form filing or approval requirements; (iii) a  
577 misrepresentation of or regarding policy benefits; (iv) an extra-  
578 contractual claim; or (v) a claim for penalties or consequential or  
579 incidental damages; (M) a contractual agreement that establishes the  
580 member insurer's obligations to provide a book value accounting  
581 guaranty for defined contribution benefit plan participants by  
582 reference to a portfolio of assets that is owned by the benefit plan or its  
583 trustee, which in each case is not an affiliate of the member insurer;  
584 and (N) a portion of a policy or contract to the extent it provides for  
585 interest or other changes in value to be determined by the use of an  
586 index or other external reference stated in the policy or contract, but  
587 which have not been credited to the policy or contract, or as to which  
588 the policy or contract owner's rights are subject to forfeiture, as of the  
589 date the member insurer becomes an impaired or insolvent insurer  
590 under sections 38a-858 to 38a-875, inclusive, whichever is earlier. If a  
591 policy's or contract's interest or changes in value are credited less  
592 frequently than annually, then for purposes of determining the values  
593 that have been credited and are not subject to forfeiture under this  
594 subparagraph, the interest or change in value determined by using the  
595 procedures defined in the policy or contract shall be credited as if the  
596 contractual date of crediting interest or changing values was the date  
597 of impairment or insolvency, whichever is earlier, and shall not be  
598 subject to forfeiture.

599       Sec. 28. Subsection (g) of section 38a-860 of the general statutes is  
600 repealed and the following is substituted in lieu thereof (*Effective from*  
601 *passage*):

602       (g) The benefits for which the association may become liable shall in  
603 no event exceed the lesser of: (1) The contractual obligations for which  
604 the insurer is liable or would have been liable if it were not an  
605 impaired insurer, or (2) (A) with respect to any one life, regardless of  
606 the number of policies or contracts: (i) Five hundred thousand dollars  
607 in life insurance death benefits, but no more than five hundred  
608 thousand dollars in net cash surrender and net cash withdrawal values  
609 for life insurance; (ii) five hundred thousand dollars in health

610 insurance benefits, including, but not limited to, any net cash  
611 surrender and net cash withdrawal values; (iii) five hundred thousand  
612 dollars in the present value of annuity benefits, including, but not  
613 limited to, net cash surrender and net cash withdrawal values; (B) with  
614 respect to each individual participating in a governmental retirement  
615 plan established under Section 401, 403(b) or 457 of the United States  
616 Internal Revenue Code covered by an unallocated annuity contract or  
617 the beneficiaries of each such individual if deceased, in the aggregate,  
618 five hundred thousand dollars in present value annuity benefits,  
619 including, but not limited to, net cash surrender and net cash  
620 withdrawal values; (C) with respect to each payee of a structured  
621 settlement annuity, or beneficiary or beneficiaries of the payee if  
622 deceased, five hundred thousand dollars in present value annuity  
623 benefits, in the aggregate, including, but not limited to, net cash  
624 surrender and net cash withdrawal values, if any, provided in no event  
625 shall the association be liable to expend (i) more than the five hundred  
626 thousand dollars in the aggregate with respect to any one individual  
627 under subparagraphs (A), (B) and (C) of this subdivision, and (ii) with  
628 respect to one owner of multiple nongroup policies of life insurance,  
629 whether the policy owner is an individual, firm, corporation or other  
630 person, and whether the persons insured are officers, managers,  
631 employees or other persons, more than five million dollars in benefits,  
632 regardless of the number of policies and contracts held by the owner;  
633 (D) with respect to either (i) one contract owner provided coverage  
634 under [subparagraph (B) of] subdivision (2) of subsection (b) of this  
635 section, or (ii) one plan sponsor whose plans own directly or in trust  
636 one or more unallocated annuity contracts not included in [subdivision  
637 (2) of subsection (f) of this section] subparagraph (B) of subdivision (2)  
638 of this subsection, five million dollars in benefits regardless of the  
639 number of contracts with respect to the contract owner or plan  
640 sponsor, except that in the case where one or more unallocated annuity  
641 contracts are covered contracts under sections 38a-858 to 38a-875,  
642 inclusive, and are owned by a trust or other entity for the benefit of  
643 two or more plan sponsors, coverage shall be afforded by the  
644 association if the largest interest in the trust or entity owning the

645 contract or contracts is held by a plan sponsor whose principal place of  
646 business is in this state and in no event shall the association be  
647 obligated to cover more than five million dollars in benefits with  
648 respect to all such unallocated contracts.

649 Sec. 29. Section 38a-981 of the general statutes is repealed and the  
650 following is substituted in lieu thereof (*Effective from passage*):

651 (a) Notwithstanding any provision of the general statutes, [to the  
652 contrary,] no insurance institution, agent or insurance-support  
653 organization may utilize as its disclosure authorization form in  
654 connection with insurance transactions, a form or statement [which]  
655 that authorizes the disclosure of personal or privileged information  
656 concerning an individual to an insurance institution, agent, or  
657 insurance-support organization unless the form or statement: (1) Is  
658 written in plain language substantially complying with the tests  
659 enumerated in subsection (b) of section 42-152; (2) is dated; (3) specifies  
660 the types of persons authorized to disclose information concerning the  
661 individual; (4) specifies the nature of the information authorized to be  
662 disclosed; (5) identifies the insurance institution or agent and the types  
663 of representatives of the insurance institution to whom the individual  
664 has authorized the information to be disclosed; (6) specifies the  
665 purposes for which the information is collected; (7) specifies the length  
666 of time such authorization shall remain valid, which shall be [no] not  
667 longer than: (A) In the case of authorizations signed for the purpose of  
668 collecting information in connection with an application for an  
669 insurance policy, a policy reinstatement or a request for a change in  
670 policy benefits, [: (i) Thirty] (i) thirty months from the date the  
671 authorization is signed if the application or request involves life, health  
672 or disability insurance, or (ii) one year from the date the authorization  
673 is signed if the application or request involves property or casualty  
674 insurance; [,] (B) in the case of authorizations signed for the purpose of  
675 collecting information in connection with a claim for benefits under an  
676 insurance policy, [: (i) The] (i) the term of coverage of the policy if the  
677 claim involves a health insurance benefit, or (ii) the duration of the  
678 claim if it involves an insurance benefit which is not a health insurance

679 benefit; and (8) advises the individual or a person authorized to act on  
680 [his] such individual's behalf that [he] such individual or authorized  
681 person is entitled to receive a copy of the authorization form.

682 (b) (1) An insurance institution or a third-party administrator  
683 providing insurance or administrative services with respect to an  
684 employer's employee benefit plan [which] that provides its employees  
685 with health benefits shall, upon written request of an exclusive  
686 bargaining agent for such employees, provide such bargaining agent  
687 with information regarding description of health benefits available to  
688 such employees, claim experience regarding such benefits and the cost  
689 to the employer for such coverage or administrative services, as the  
690 case may be, for employees in the bargaining unit represented by such  
691 bargaining agent. If such employees constitute a subgroup of a multi-  
692 bargaining-unit group, the information provided by the insurance  
693 institution or administrator shall, upon written request of the exclusive  
694 bargaining agent for the subgroup, include a description of available  
695 health benefits, claim experience regarding such benefits and the cost  
696 to the employer for such coverage or administrative services, as the  
697 case may be, for the entire multi-bargaining-unit group or for  
698 subgroups within the multi-bargaining-unit group. A copy of such  
699 information shall be provided at the same time to the employer by the  
700 insurance institution or administrator. Such information shall be made  
701 available to the bargaining agent and the employer only if the  
702 bargaining agent agrees in writing to pay all reasonable costs, as  
703 determined by the insurance institution or administrator, that are  
704 incurred by the insurance institution or administrator in developing  
705 and distributing the information. The information provided to such  
706 agent shall relate to the group of employees as a whole and shall not  
707 include any information relating to specific individuals. No requests  
708 made pursuant to this subdivision [may] shall seek information  
709 [which] that relates to a period of time more than twenty-four months  
710 prior to the date such request was made.

711 (2) Prior to providing any information pursuant to subdivision (1) of  
712 this subsection, an insurance institution or third-party administrator

713 may require the bargaining agent requesting such information to  
714 provide evidence in writing that such bargaining agent is currently  
715 designated or certified by the proper state or federal authority as the  
716 exclusive bargaining representative or agent of the employees who are  
717 the subject of the request.

718 (3) The provisions of this subsection shall not apply to employees  
719 participating in an employee welfare benefit plan subject to the  
720 provisions of Title I of the Employee Retirement Income Security Act  
721 of 1974, [(ERISA), Public Law] P.L. 93-406, as amended from time to  
722 time, or to the exclusive bargaining agents of such employees.

723 Sec. 30. Subsection (b) of section 38a-984 of the general statutes is  
724 repealed and the following is substituted in lieu thereof (*Effective from*  
725 *passage*):

726 (b) If the insurance institution, agent or insurance-support  
727 organization corrects, amends or deletes recorded personal  
728 information in accordance with subdivision (1) of subsection (a) of this  
729 section, it shall so notify the individual in writing and furnish the  
730 correction, amendment or fact of deletion to: (1) Any person  
731 specifically designated by the individual who may have, within the  
732 preceding two years, received such recorded personal information; (2)  
733 any insurance-support organization whose primary source of personal  
734 information is insurance institutions if such organization has  
735 systematically received such information from the insurance  
736 institution within the preceding seven years, [;] provided [that] the  
737 correction, amendment or deletion need not be furnished if the  
738 organization no longer maintains the information about the individual;  
739 and (3) any insurance-support organization that furnished the personal  
740 information that has been corrected, amended or deleted.

741 Sec. 31. Section 20-329e of the general statutes is repealed and the  
742 following is substituted in lieu thereof (*Effective from passage*):

743 Before the commission issues any license under [sections 20-329a to  
744 20-329m, inclusive] section 20-329f, as amended by this act, to any

745 person or broker, the Department of Consumer Protection shall fully  
746 investigate all information placed before the department as may be  
747 required pursuant to sections 20-329a to 20-329m, inclusive, and may  
748 carry out a physical examination, investigation or inspection of any  
749 subdivision which is the subject of the application. All reasonable  
750 expenses incurred in carrying out such examination, investigation or  
751 inspection shall be paid by the applicant and no such license shall be  
752 issued until such expenses have been fully paid.

753 Sec. 32. Subsection (a) of section 20-329f of the general statutes is  
754 repealed and the following is substituted in lieu thereof (*Effective from*  
755 *passage*):

756 (a) The commission shall, upon completion of the investigation and  
757 inspection as provided in section 20-329e, as amended by this act, but,  
758 in the absence of any agreement to the contrary between the applicant  
759 and the commission, not later than three months from the receipt of  
760 the completed license application, or receipt of an effective statement  
761 of record filed with the Secretary of Housing and Urban Development  
762 and filed with the commission pursuant to subsection (c) of section 20-  
763 329b, (1) approve or disapprove the prospectus, property report or  
764 offering statement submitted under subsection (c) of section 20-329b or  
765 section 20-329d, as the case may be, and (2) if satisfied, issue to the  
766 applicant, upon payment to the commission of a fee computed as  
767 provided in subsection (b) of this section, a license to offer and dispose  
768 of in this state the subdivision or parcels, units or other interests in any  
769 subdivision that is the subject of the application or such effective  
770 statement of record. Such license shall be valid for one year and may  
771 be renewed annually upon payment to the commission of a fee,  
772 computed as provided in subsection (b) of this section, unless there is a  
773 material change affecting such subdivision or lot, parcels, units or  
774 other interest in any subdivision or the offer or disposition thereof, in  
775 which case all new facts shall be reported to the commission  
776 immediately. Upon receipt of such report or in the event that any such  
777 material change is discovered by or comes to the attention of the  
778 commission through other sources, the commission may, after a



779 hearing pursuant to section 20-321, take such action as the commission  
 780 considers necessary, including the suspension or revocation of such  
 781 license if justified.

782 Sec. 33. Subsection (b) of section 42-491 of the general statutes is  
 783 repealed and the following is substituted in lieu thereof (*Effective from*  
 784 *passage*):

785 (b) Each such contracting entity that sells, leases, rents, assigns or  
 786 grants access to any covered entity, a physician panel or a health care  
 787 provider's health care services, discounted rates or fees shall:

788 (1) Maintain an Internet web site or a toll-free telephone number  
 789 through which a health care provider may obtain a listing of the  
 790 covered entities to which such provider's services, discounted rates or  
 791 fees [has] have been sold, leased, rented, assigned or granted access;  
 792 and

793 (2) Upon request at the time of entering into such contract, provide a  
 794 list to the health care provider of all known covered entities to which  
 795 such contracting entity may sell, lease, rent, assign or grant access to  
 796 such provider's health care services, discounted rates or fees.

797 Sec. 34. Section 38a-91k of the general statutes is repealed. (*Effective*  
 798 *from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	38a-9(a)
Sec. 2	<i>from passage</i>	38a-9(c)
Sec. 3	<i>from passage</i>	38a-12(b)
Sec. 4	<i>from passage</i>	38a-14(e)(3)
Sec. 5	<i>from passage</i>	38a-14(f)(2)
Sec. 6	<i>from passage</i>	38a-14(k)(5)
Sec. 7	<i>from passage</i>	38a-16(a)
Sec. 8	<i>from passage</i>	38a-17
Sec. 9	<i>from passage</i>	38a-18(a)
Sec. 10	<i>from passage</i>	38a-53(a)(2)

Sec. 11	<i>from passage</i>	38a-91hh(c)(2)
Sec. 12	<i>from passage</i>	38a-91hh(g) to (i)
Sec. 13	<i>from passage</i>	38a-91nn(a) and (b)
Sec. 14	<i>from passage</i>	38a-226a(f)
Sec. 15	<i>from passage</i>	38a-260
Sec. 16	<i>from passage</i>	38a-364(b)
Sec. 17	<i>from passage</i>	38a-465a(c) and (d)
Sec. 18	<i>from passage</i>	38a-465c(a)
Sec. 19	<i>from passage</i>	38a-465e(a)
Sec. 20	<i>from passage</i>	38a-465e(e)(1)
Sec. 21	<i>from passage</i>	38a-465h(c)(2)(B)
Sec. 22	<i>from passage</i>	38a-465i(a)(5)
Sec. 23	<i>from passage</i>	38a-465j(a)(2)(A)(i)
Sec. 24	<i>from passage</i>	38a-465p(a)
Sec. 25	<i>from passage</i>	38a-470(c)
Sec. 26	<i>from passage</i>	38a-696(c)
Sec. 27	<i>from passage</i>	38a-860(f)
Sec. 28	<i>from passage</i>	38a-860(g)
Sec. 29	<i>from passage</i>	38a-981
Sec. 30	<i>from passage</i>	38a-984(b)
Sec. 31	<i>from passage</i>	20-329e
Sec. 32	<i>from passage</i>	20-329f(a)
Sec. 33	<i>from passage</i>	42-491(b)
Sec. 34	<i>from passage</i>	Repealer section

**Statement of Legislative Commissioners:**

In section 31, the change to "20-329b" was deleted as not necessary.

**INS**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

---

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

This bill makes technical changes to captive insurer statutes and does not result in a fiscal impact.

**The Out Years**

None

**OLR Bill Analysis****sSB 960*****AN ACT CONCERNING THE LEGISLATIVE COMMISSIONERS' RECOMMENDATIONS FOR TECHNICAL REVISIONS TO THE INSURANCE STATUTES.*****SUMMARY:**

The bill repeals a law requiring captive insurers to provide certain information to the insurance commissioner. The law is obsolete with respect to captives domiciled in Connecticut because they are now subject to requirements under PA 08-127. By repealing the law, captives not domiciled but doing business here no longer have to report to the insurance commissioner.

This bill makes technical changes in various insurance statutes.

EFFECTIVE DATE: Upon passage

**CAPTIVE INSURER**

A “captive insurer” is an insurance company owned by another organization and whose primary purpose is to insure risks of the parent organization and affiliated companies. In the case of groups and associations, it is an insurance organization owned by the insured whose primary purpose is to insure risks of member organizations, group members, and their affiliates. PA 08-127 permits captives to domicile in Connecticut under certain conditions and requirements, including financial reporting and examinations.

By repealing CGS § 38a-91k, the bill eliminates the requirement that out-of-state captives offering, renewing, or continuing insurance in Connecticut must provide the following information to the insurance commissioner:

1. a copy of the group’s financial statement submitted to its state

of domicile, which (a) an independent public accountant must certify and (b) must contain an opinion statement on loss and loss adjustment expense reserves from a member of the American Academy of Actuaries or a qualified loss reserve specialist;

2. a copy of each examination of the captive the commissioner or public official conducting the examination certifies; and
3. at the commissioner's request, a copy of any audit performed with respect to the captive.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 18      Nay 0      (03/12/2009)